ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

First Express of Nebraska, Inc.

Person to be contacted regarding this report:	Donald D. Kinley	RSSD: (For Bank Holding Companies)	1250398
CPP Funds Received:	$5,000,000	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Repaid to Date:	$0	FDIC Certificate Number: (For Depository Institutions)	
Date Funded (first funding):	2/6/2009	City:	Gering
Date Repaid[1]:		State:	Nebraska

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

☒	Increase lending or reduce lending less than otherwise would have occurred.	The organization reduced loans by 2.0% from 02/06/2009 to 12/31/2009. Without the CPP funds, the organization would have been forced to reduce loans further.

☐	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
☒	Increase securities purchased (ABS, MBS, etc.).	The organization did increase its investment in state and local municipal securities. Most of these were acquired from local municipalities in the communities served by the organization.
☐	Make other investments	
☐	Increase reserves for non-performing assets	

☒	Reduce borrowings	The organization reduced borrowings from the FHLB, but primarily through the increase in local certificates of deposits. There was a reduced demand for CD's primarily in our Colorado markets, which allowed the bank to acquire CD's locally at much more competitive rates and increase liquidity.
☒	Increase charge-offs	The CPP funds helped to support capital, during a time when the organization was forced to provide \$3.7 million in loan loss expense, and char-off loans of \$3.9 million. The \$3.7 million was an increase in loan loss expense of \$3.1 million from 2008 levels.
☐	Purchase another financial institution or purchase assets from another financial institution	
☒	Held as non-leveraged increase to total capital	The organization's subsidiary bank was able to increase total risk-based capital from 10.3% at the end of 2008, to 11.7% at the end of 2009. At the same time earnings at bank level dropped from \$2.7 million in 2008 to \$.5 million in 2009.

What actions were you able to avoid because of the capital infusion of CPP funds?

(2) Without the CPP funds, the organization would have been forced to increase capital through other means, which may or may not have included any of the following:

(a) Issuance of capital stock
(b) Issuance of capital notes, either at the parent or subsidiary level
(c) Issuance of preferred stock
(d) Borrowing long-term at the parent level, with the injection of funds into the Bank
(e) Forced reduction in Bank assets even further. The organization naturally shrank loans approximately $5 million, but the organization would have had to taken much more aggressive measure along these lines, without the CPP funds.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The CPP funds allowed the organization to provide expense for an increase in net charge-offs without impairing capital or hindering the organization's long term goal of reaching a 12% total risk based capital ratio.

The organization received $5 million in total funds of which $3.75 million was used to immediately increase the capital levels of its subsidiary bank Valley Bank and Trust Co. The balance of the funds were used to pay-off loans at First Express, which were taken out to increase the capital of the Bank at the end of 2008. The organization would not have been able to pay back these loans without the CPP funds.

To summarize, all of the CPP funds were effectively used to increase the capital levels of Valley Bank and Trust Co.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

Nothing further to report.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.